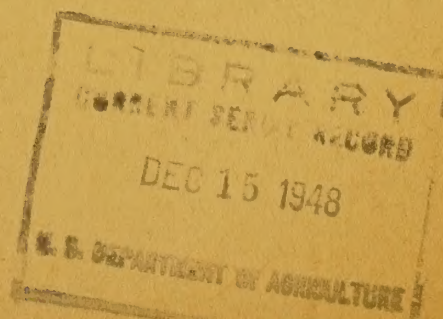


UNITED STATES DEPARTMENT OF AGRICULTURE
Federal Crop Insurance Corporation

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1948 LOSS ADJUSTMENT MANUAL FOR MULTIPLE CROPS
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1948 LOSS ADJUSTMENT MANUAL FOR MULTIPLE CROPS

SECTION I. ORGANIZATION

A. General

1. The importance of the loss adjustment phase of crop insurance cannot be overemphasized. This contact with the insured enables the Corporation to demonstrate how the program works as a means of protection against unavoidable crop failure. Loss adjustment offers the adjuster an excellent opportunity to sell the basic ideas of crop insurance. A thorough explanation of each step in adjusting the loss can result in a better understanding of the contract and avoid misunderstanding which could seriously affect the reaction of the insured to the insurance program in future years.

Adjustment of losses consists of more than simply determining the production, the quality thereof, (only in the case of bean) and the acreage. All decisions made must be consistent with the provisions of the contract and these instructions. In the case of every loss being adjusted consideration should be given to the question of whether or not the loss resulted from an insurable cause.

Even in connection with determining the amount of production, the mere measuring of production on the farm and the examination of evidence of production sold or stored off the farm do not fully establish the production. These are merely pieces of evidence. They represent a minimum, not necessarily full production. The contract places upon the insured the responsibility for proving the amount of loss. It is the adjuster's job to determine from all sources available whether the full production has been reported by the insured. In doing so he should give consideration to general crop conditions in the area and to the production of other farmers in the area, the quality thereof, and the available evidence as to the condition of the crop on the insurance unit.

All factors entering into the establishment of the amount of loss shall be carefully and impartially considered. There is no place in the adjustment work for bargaining. The adjuster should make his decisions carefully with all the facts in mind and should not attempt to bargain with the insured but should use tact and good judgment in his dealing with the insured. Accurate and impartial adjustment of losses is essential. The payment of unjust losses under the contract will be at the future expense of all insured farmers in the county through the effect on premium rates.

2. Where a loss is evident, an appraisal shall be made if possible of the mature corn in the field. In these cases the insured shall be advised that such appraisal of corn will be considered final and will be used together with the production of other insured crops in the settlement of any loss. This policy is necessitated by the fact that the harvest of corn is generally extended over a considerable period of time and that, where this is the case, when harvest is finally completed much of the crop has been fed to livestock or otherwise used on the farm, making it extremely difficult to arrive at the actual corn production for the farm. It is believed that the intelligent use of this policy will result in fair and equitable settlements of losses.

3. All persons, other than the State Director, connected with the loss adjustment work shall refrain from making any statement to the insured or his agent either admitting or denying the liability of the Corporation for any claim made by the insured.

B. State Crop Insurance Director

1. The Director is responsible for the supervision and coordination of the adjustment of losses within his area. Where necessary he shall authorize the appointment of adjusters. He shall assist with adjustments as conditions require. He shall be certain that persons engaged in loss adjustment are adequately trained and are thoroughly familiar with the provisions of the contract and these instructions. He shall arrange for spot checking as provided in special instructions.
2. The Director through the appropriate state office channel, shall furnish each county committee with the names and addresses of his representatives to whom notices of damage or probable loss are to be forwarded.

C. District Supervisor

1. The supervisor, if any, shall be in charge of the adjustment of losses within his district. He shall make inspections and adjust losses, where necessary, as assigned by the Director. He shall submit progress reports to the Director as required. If problems arise which he cannot handle, they should be called promptly to the Director's attention.
2. When authorized by the Director and as conditions require, the supervisor shall (1) select and appoint adjusters in order to handle the work promptly and efficiently, (2) adequately instruct and train each adjuster and shall assist in making the first few inspections and adjustments, (3) not permit adjusters to make inspections or adjust losses involving an insured crop in which the adjuster has a financial or family relationship interest. To protect the interest of the Corporation, the supervisor may find it advisable to limit the activities of the adjuster in certain other cases.

D. Adjusters

1. Adjusters shall be under the immediate supervision of, and directly responsible to, the district supervisor or if there is no district supervisor, to the State Director. Any problem which the adjuster cannot handle shall be promptly discussed with the district supervisor or the State Director if there is no supervisor.

The adjuster shall:

- a. Be thoroughly familiar with the provisions of the contract (which includes the regulations), the acreage report, the application and the applicable procedures;
- b. Prepare from county office records a list or map showing the name and location of the insured producers in his territory, which will enable him to observe conditions of the insured crops when traveling in the territory;
- c. Review the "Report(s) of Production for Multiple Crop Insurance" as they are received in the county office. If a report indicates

that (the Product of) the total production of the harvested insured crop(s) (including corn) times the fixed price(s) is very likely to be less than the total coverage for all insured crops the adjuster should inspect the farm, and complete an "Inspection Report."

- d. Assist the insured in preparing the Statement in Proof of Loss for Multiple Crops, when requested;
- e. Answer questions raised by the insured and attempt to settle any misunderstanding in connection with the contract;
- f. Make recommendations to the supervisor or State Director concerning improvements in the program;
- g. Prepare Form FCI-26 in accordance with instructions issued by the State Director.

E. County Committees

1. The county committee is responsible for transmitting notices of damage or probable loss to the State Crop Insurance Director or such adjusters as may be designated by the Director.
2. The county committee shall arrange for adjusters to have free access to crop insurance records and related records in the county office and for county office personnel to perform planimetering and computations of acreages in connection with loss adjustment work when so requested by the adjuster.

SECTION II. NOTICE OF DAMAGE OR PROBABLE LOSS AND PREPARATION OF FORM FCI-8

A. General

1. The insured is responsible for notifying the county committee of damage to, or probable loss of, his insured crops. This notice should be given in writing, and placed in the insured's folder for future reference, if needed. However, any manner or form of notice is acceptable provided a satisfactory Form 8 can be prepared.
2. The county committee upon receipt of such notice from an insured should prepare Form FCI-8-Rev., "Notice to Corporation of Damage or Probable Loss," (herein called Form 8), in accordance with instructions set forth in subparagraph B below, and also advise the insured that any unharvested acreage of any insured crops should not be put to another use without the written consent of an adjuster.
3. Where an insured crop has been harvested from the insurance unit, and a loss occurs, all production records must be available to the adjuster as well as warehouse receipts and sales records. If the insured wishes to make early use of the harvested acreage this fact should be considered in completing the Form FCI-8 and noted on that form.

4. When a notice of damage is given to the county office personally or by telephone after threshing, or harvesting in the case of corn, inquiry should be made of the insured to determine whether the value of the harvested production for all insured crops on the insurance unit equals the total coverage. Where some acreage has been released the applicable coverage and any applicable appraisal should be used in determining the total coverage and the total production for the planted acreage.
5. In cases where the insured corn crop has matured but has not been harvested and a probable loss is reported the adjuster should review the respective "Report of Production for Multiple Crop Insurance." If the report reveals that the product of the production of the harvested insured crop(s) times the fixed price(s) is less than the total coverage for all insured crops and it is not obvious that the value of the production from the corn acreage will equal or exceed the difference he should inspect the farm and appraise the production of corn in the field.

B. Preparation of Form FCI-8, Revised

1. A separate Form 8 shall be prepared for each insurance unit and for each insured crop on which damage or probable loss is reported by the insured. It shall be prepared as follows:

a. Heading. Enter in the spaces provided:

- (1) The name of the crop or crops insured under the multiple crop contract, which have been harvested;
- (2) The name and address of the insured which must agree with that shown on the related crop insurance contract;
- (3) The state and county code and contract number;
- (4) The name of the county;
- (5) In the space provided for farm serial number, enter the insurance unit number; i.e., Unit 1, Unit 2, etc.; and
- (6) The contract number of any other Federal crop insurance contract (such as with a landlord or tenant) covering the insured crops on the land in the insurance unit.

b. Date for Numbered Items

Item 1. Enter the name of each farm to be inspected and either the location of the farm or the legal description. In addition, enter a notation indicating where the insured may be located and the insured's telephone number if possible.

Item 2. Enter the reported acreage(s) on the insurance unit as shown on the acreage report for each crop.

Item 3. Leave this item blank.

Item 4. Leave this item blank.

Item 5. Enter the date upon which the notice of damage or probable loss is received in the county office.

Item 6. Enter (a) the reported cause(s) of damage to the crop(s) and a description of the result of such damage, and (b) the date of damage(s).

Item 7 and 8. These entries are self-explanatory.

Item 9. (a) The person receiving the notice shall initial Form 8. The Form shall be signed and dated for the county committee, (b) the insured shall be requested to sign Form 8 in every case where the notice is given in person. Otherwise, a notation shall be entered in this space indicating how the notice was received; i.e., by telephone, (followed by the date of the telephone call), by letter (followed by the postmark date of the letter), by some other person (enter the name of the person giving notice and the date of the notice), etc.

Item 10 and Item 11. These items are self-explanatory.

Item 12. In any case where a part or all of a farm on which a part or all of the insurance unit is located is designated as "unclassified" on the Crop Insurance Map, Form FCI-33-M, a notation to this effect shall be entered in item 12. Any other remarks deemed advisable should be entered.

2. Distribution

Copies of Form 8 shall be distributed as provided in Section VI hereof.

SECTION III. INSPECTION AND PREPARATION OF FORM 863

A. Inspection

1. The adjuster shall prepare a separate report of his inspection in accordance with the statement in paragraph B below (for each farm and for each insured crop inspected) at the time the inspection is made. If wheat is insured separately it will not be considered under the multiple crop contract. Also a separate inspection report should be prepared for each insured mixture of wheat and flax or wheat and oats. Form FCI-863, "Inspection Report" (herein called Form 863) shall be used for all insured crops or any mixture referred to above. The inspection report data from the Form 863 will be used in preparing the Form FCI-867-M, "Statement in Proof of Loss for Multiple Crops."

An inspection shall be made promptly:

- a. When a request for a release of acreage is received;
- b. Where it is determined after a review of the "Report of Production for Multiple Crops" that the insured is eligible for an indemnity. Section V, B, should be considered before making or completing an inspection.
- c. In any case where the Corporation determines that an inspection is necessary.

2. Where Form 8 is filed before harvest but does not include a request

supervisor determines that an inspection is not necessary, the insured shall be notified that:

- a. The notice was received and an inspection is not deemed necessary at that time, including the reason therefor;
- b. Any later material damage to, or probable loss of, the crop should be reported promptly to the county committee.
- c. If the insured crop is harvested and a loss occurs, the insured should submit another notice to the county committee. Where the insured plans to plow his insured acreage(s) immediately after harvest he shall be told that the acreage(s) should be left intact, where possible, until the insurance unit has been inspected and the acreage(s) is determined by the adjuster.

The notice to the insured shall be prepared in triplicate and shall include the name and address of the insured, the contract number, and a description of the acreage involved. The original of the notice shall be mailed to the insured, a copy shall be forwarded to the State Director, and a copy filed in the insured's folder.

3. Where a Form 8 includes a request for a release of acreage or where the person taking action on the case determines that an inspection is otherwise necessary, the inspection shall be made promptly. If "Yes" has been entered in item 11 of Form 8 or if item 12 indicates that a part of a farm is designated as "unclassified" on the crop insurance map, and in any other cases where the adjuster feels it necessary, he shall contact the county office before making the inspection. In such cases the adjuster shall:
 - a. Thoroughly familiarize himself with all crop insurance material, including correspondence in the insured's folder which relates to the 1948 crop year, in order that he will be able to answer any questions pertaining thereto and in order that he may handle any problem which arises in connection with the inspection.
 - b. Obtain records or data for the insurance unit which would be helpful to him, such as a sketch of the farm or copies of Forms 863 already prepared;
 - c. From information available in the county office, prepare the heading of Form 863 for each farm involved, as provided in paragraph B, below.
4. It is essential that the adjuster clearly understand what constitutes an "insurance unit," because losses are adjusted on an insurance unit basis. However, the program offered the insured an opportunity on or before the closing date for filing applications, to combine what would otherwise be two or more insurance units into one unit. A check of the acreage report should be made by the adjuster to determine if such a combination has been effected. In case a combination has not been made an insurance unit consists of (a) all of the insurable acreage of the insured crops in the county in which the insured has 100 percent interest at the time of planting, or (b) all the insurable acreage of the insured crops in the county owned by one person which is operated

by the insured as a share tenant at the time of planting, or (c) all of the insurable acreage of the insured crops in the county which is owned by the insured and is rented to one share tenant at the time of planting. For the purpose of determining the land constituting an insurance unit, cash rented land or land rented for a fixed commodity rent shall be considered as being owned by the lessee. Land which is designated on the crop insurance map as "unclassified" does not constitute an insurance unit or any part thereof.

B. Preparation of Form 863

1. Before preparing a Form 863 for any insured multiple crop the adjuster should be familiar with those general differences from the regular crop insurance programs.
 - a. Irrespective of any other price mentioned in various manuals the following prices per bushel will apply in determining the value of production for multiple crops. Wheat, \$1.90; flax, \$5.75; oats, \$.60; corn, \$1.30; and beans 7.6 cents per pound of picked beans. (Note that the wheat and bean prices are different from the regular programs.)
 - b. Coverage for all multiple crops (including corn) are progressive according to the stage of production. The stage of production number should be entered and circled in column F on Form FCI-863 to the left of the entered cause of damage. The three stages of production for all multiple crops except beans are:
 - 1st stage - acreage released and planted to a substitute crop;
 - 2nd stage - acreage released and not harvested and not planted to a substitute crop;
 - 3rd stage - Acreage harvested, or in the case of corn, to be harvested.For beans the stages of production are as follows:
 - 1st stage - Acreage released and crop not pulled or cut.
 - 2nd stage - Acreage released after pulling or cutting but not threshed.
 - 3rd stage - Acreage on which beans are threshed.
 - c. The methods of ascertaining the total production to be counted for acreage classified in the three stages of production as well as other acreage classifications are explained in the 1948 Regulations for Multiple Crops. The production schedule at the top of page 4 of the Regulations should be understood before attempting to complete a Form 863.
2. Form 863 should be prepared in accordance with the instructions given in section III, B, (except as detailed in paragraphs a and b below) of the respective crop loss adjustment manual. Copies of these manuals are available in the office of the State Director.

a. For wheat, flax, oats and/or any insured mixture of these crops, and beans, follow the "1948 Loss Adjustment Manual for Wheat and Flax, (Dollar Coverage)," with these exceptions:

- (1) "Unmerchantable production" is not applicable to multiple crops.
- (2) Where flax and wheat are seeded together in a mixture, the production of each commodity will be determined separately.

Where oats and wheat are seeded together in a mixture, the production will be counted as oats on a weight basis (and also valued on the oats price.)

In Goodhue County, Minnesota, for insured mixtures of wheat and flax the production to be counted shall be determined as follows:

a. 1st stage (acreage released by the Corporation and planted to a substitute crop).

- (1) Where the flax coverage applies (all cases except under (2) below).

- (a) Appraise separately the production of wheat and flax that could be expected in the mixture on this acreage remained for harvest and estimate the percentage of each that would be contained in the mixture if it were carried to harvest.
- (b) Obtain the total value of the appraised production of wheat and flax for this acreage by multiplying the production of each crop in (a) above by the respective fixed price.
- (c-1) If the total value in (b) above is less than the coverage for flax (\$9.00) times the acres involved no production is to be counted.
- (c-2) If the total value in (b) above is more than \$9.00 times the acreage, determine the amount of the excess.
- (d) Multiply the result obtained under (c-2) above by the percentage determined under (a) above for wheat and divide by \$1.90 (rounding to tenths of bushels) to obtain the wheat production to be counted. Obtain flax production to be counted in the same manner using \$5.75 for flax.

- (2) Where the wheat coverage applies (cases where the appraisal determines that more than the customary amount of wheat was used in the seeded mixture).

a. Use the coverage for wheat (\$5.50) and follow the steps as outlined under (a), (b), (c) and (d) above.

b. 2nd stage (acreage released by the Corporation and not planted to a substitute crop).

- (1) Where the flax coverage applies (all cases except under (2) below).

- (a) Appraise separately the production of wheat and

flax that could be expected if the mixture of this acreage remained for harvest and estimate the percentage of each that would be contained in the mixture if it were carried to harvest.

- (b) Obtain the total value of the appraised production of wheat and flax for this acreage by multiplying the respective production in (a) above by the respective fixed price.
- (c-1) If the total value in (b) above is less than \$2.00 (the difference between the flax coverages for the 2nd and 3rd stages) times the acres involved, no production is to be counted.
- (c-2) If the total value in (b) above is more than \$2.00 times the acreage, determine the amount of the excess.
- d. Multiply the result obtained under (c-2) above by the percentage determined under (a) above for wheat and divide by \$1.90 (rounding to tenths of bushels) to obtain the wheat production to be counted. Obtain flax production to be counted in the same manner using \$5.75 for flax.
- (2) Where the wheat coverage applies (cases where the appraiser determines that more than the customary amount of wheat was used in the seeded mixture)
 - (a) Use the coverage for wheat (\$11.00, 2nd stage and \$12.00, 3rd stage) and proceed as outlined under (a), (b), (c) and (d) above.

In Goodhue County, Minnesota, for insured mixtures of wheat and oats which are seeded together the production to be counted shall be determined as follows:

a. 1st stage

- (1) Appraise the production of wheat and oats that could be expected if the mixture on this acreage remained for harvest and count all production as oats on a weight equivalent basis.
- (2) Multiply the coverage for oats in the 1st stage (\$4.00) by the number of acres involved divide by the fixed price for oats, and round to tenths of bushels.
- (3) The production to be counted is the excess of the result shown in (1) above over the result in (2) above.

b. 2nd stage

- (1) Appraise the production of wheat and oats that could be expected if the mixture on this acreage remained for harvest and count all production as oats on a weight equivalent basis.

- (2) Subtract the coverage for oats in the 2nd stage (\$8.00) from the coverage in the 3rd stage (\$9.00), multiply this difference (\$1.00) by the number of acres involved and divide this result by the fixed price for oats and round to tenths of bushels.
- (3) The production to be counted is the excess of the result shown in (1) above over the result in (2) above.

In Gratiot County, Michigan, for insured mixtures of wheat and oats seeded together the production to be counted should be determined as follows:

a. 1st stage

Using the 1st stage coverage for Gratiot County, follow the steps outlined for this mixture in Goodhue County.

b. 2nd stage

Using the 2nd and 3rd stage coverages for Gratiot County, follow the steps outlined for this mixture in Goodhue County.

- (3) Section III, B, 2 Column E on page 9 of the Wheat and Flax Manual is not applicable under the multiple crop program and the following applies. (Where applicable follow the instructions above for insured mixtures seeded together.)

Column E: For each acreage released prior to harvest the entry for Column E shall be determined as follows:

(a) For any acreage released in the first stage of production the entry shall be determined by (1) dividing the coverage per acre in the first stage of production by the applicable price per bushel or per pound (wheat \$1.90, flax \$5.75, oats .60, beans 7.6¢ per pound for picked beans), and rounding to tenths of bushels for the grain crops and to whole pounds for beans, and (2) subtracting the result obtained under (1) above from the entry in Column D. Enter in Column E the excess obtained under (2) above. If the result obtained under (1) above equals or exceeds the entry in Column D enter "0" in Column E.

(b) For any acreage released in the second stage of production the entry shall be determined by (1) obtaining the difference in the coverage per acre in the second and third stages of production and dividing this difference by the applicable price per bushel or per pound, and (2) subtracting the result obtained under (1) above from the entry in Column D. Enter in Column E the excess obtained under (2) above. If the result obtained under (1) above equals or exceeds the entry in Column D enter "0" in Column E.

- (4) Section III, B, 2, column S on page 11 of the Wheat and Flax Manual does not give a test weight for oats. The test weight in the case of oats shall be assumed to be 32 pounds. For different test weights of oats the following table should be used.

Oats

<u>Test Weight</u> pounds	<u>Percentage Factor</u>
36	112
35	109
34	106
33	103
32	100
31	97
30	94
29	91
28	88
27	84
26	81
25	78
24	75

- (5) For beans Part II, of the Form 863 should be modified to substitute "Beans" for "grain" and "pounds" for "bushels" in each place where these are mentioned in Part II.
- (6) For beans, section III, B, 2, columns R, S, T, U, and V and items 2 through 7 on pages 10, 11, and 12 of the Wheat and Flax Manual should be disregarded and the following applies:

Column R: Enter the result obtained by multiplying the net cubic feet shown in column Q by 48. The conversion factor 48 is based on an assumed test weight of 60 pounds to the bushel. If the insured or the adjuster believes that the actual test weight is more or less than 60 pounds, an actual test weight per bushel should be obtained and multiplied by .8 in order to determine the correct conversion factor. In such cases the new conversion factor should be substituted for 48. If the actual test weight is to be determined, representative samples shall be taken from each bin in order to make the determination. These samples shall be properly designated by the adjuster to correspond with the bin numbers. The adjuster shall note in part III where the tests were made and the actual test weight per bushel.

If the insured beans produced on the insurance unit are sacked and stored either on or off the farm, the total number of sacks of beans and the average weight of beans per sack (not including the weight of the sack) must be noted in part III, and the product of these two figures entered in column R.

Column S: Delete the words "test weight" and insert "m-s defects" (milling and screening defects) in the heading of this column. Enter the product of column R and the percentage of defects (if any) by weight removed by milling or screening, as determined from a representative sample.

Column T: Delete the words "Gross bushels by weight" and insert "Weight of cleaned beans" in the heading of this column. In the case of farm stored beans enter the result obtained by subtracting the quantity shown in column S from the quantity shown in column R. In the case of warehouse stored beans or beans sold enter the weight of the cleaned beans. If both farm stored beans and warehouse stored beans sold are involved, the total for all should be entered in Column T.

Column U: Delete the words "Percent of dockage if any" and insert "Percent of pick." Enter 4% unless the pick can be determined from a representative sample. The actual pick will be evident for beans in the 3rd stage (harvested) and possibly evident for beans in certain periods of the 2nd stage (pulled or cut but not harvested).

Column V: Delete the words "Net bushels by weight" and enter "Pounds - picked beans." Enter the product of column U and column T.

Item 2: Enter the name(s) and address(es) of the warehouse(s) or person(s) with which any beans produced on the insurance unit are stored or to whom they have been sold.

Item 3: Enter the amount of sacked beans on hand by completing A and B and carrying the total to Column V.

Items 4 through 6: Make no entries in these items.

Item 7: Delete the word "Husking" and enter "Combining". Enter the date upon which the threshing or combining of the beans from the insurance unit was completed. If a part of the crop was either threshed or combined a considerable time in advance of the rest of the crop, the date for the completion of both periods of harvest shall be entered.

b. For corn follow the "1948 Loss Adjustment Manual for Corn" with these exceptions:

- (1) Coverages are progressive according to the three stages of production.
- (2) Minimum appraisals as given in the regular corn program (dollar coverage) are not applicable to corn under a multiple crop contract.
- (3) The provision regarding feeding corn to livestock in the field is not applicable to corn under a multiple crop contract.

(4) Use Form 863 (and not 763 as in the regular corn program).

(5) Section III, B, 2, Column E on page 9 of the Corn Manual is not applicable under the multiple crop program and the following applies.

Column E: For each acreage released which is not to be harvested the entry for column E shall be determined as follows:

(a) For any acreage released for seeding to a substitute crop the entry shall be determined by (1) dividing the coverage per acre in the first stage of production by 1.30 and rounding to tenths of bushels and (2) subtracting the results obtained under (1) above from the entry in column D. Enter in column E the excess obtained in (2) above. If the result obtained under (1) equals or exceeds the entry in column D enter "0" in column E.

(b) For any unharvested acreage released (excluding that covered by (a) above and excluding any acreage of mature unharvested corn which is to be harvested, and excluding also any acreage used for ensilage or fodder where the insured leaves a number of representative sample rows) the entry shall be determined by (1) obtaining the difference in the coverage per acre in the 2nd and 3rd stages of production and dividing this difference by 1.30 and (2) subtracting the result obtained under (1) above from the entry in Column D. Enter in Column E the excess obtained under (2) above. If the result obtained under (1) above equals or exceeds the entry in Column D enter "0" in column E.

3. Date and signature. In the space provided above part III, the adjuster shall sign and date the Form 863.

4. Distribution. Copies of Form 863 shall be distributed in accordance with Section VI hereof.

SECTION IV. ADJUSTMENT OF CLAIMS

A. General

1. The insured shall:

- a. Use Form FCI-867-M, "Statement in Proof of Loss for Multiple Crops" (herein called "Form 867") in submitting a claim for loss;
- b. Submit claim for loss within 60 days after the time of loss. (In case all of the acreage on the insurance unit is released prior to harvest, the time of loss is the date of the damage resulting in the release. In case the harvesting in the case of corn, is completed for the insurance unit prior to the end of the insurance period the time of loss is the date of completion of harvesting corn. In case harvesting for corn, is not completed for the insurance unit prior to the end of the insurance period, the end of the insurance period is the time of loss);

- c. Establish that the amount of any loss for which claim is made has been directly caused by one or more of the hazards insured against by the contract during the term thereof, and that the loss has not arisen from or been caused by, either directly or indirectly, any of the hazards not insured against.

2. The adjuster:

- a. Shall not approve a Form 867 until he has (1) inspected the entire insurance unit, (2) determined the acreage planted to the insured crop on the insurance unit, (3) verified to his satisfaction the production for the insurance unit, and (4) made any necessary appraisals of production per acre.
- b. Shall not approve a Form 867 as long as there is any possibility of harvesting any production from the insurance unit at a later date.
- c. Shall follow the instructions in section V, B, and C where the notice of loss is not submitted by the insured within 15 days after harvesting is completed or where the Statement in Proof of Loss is not submitted within 60 days after harvesting is completed.
- d. Shall advise the insured that any claim for indemnity submitted in accordance with the Regulations and applicable procedures will be paid by the issuance of a check by the Corporation payable to and mailed to the person(s) entitled to such payment under the Regulations.

B. Method of Preparing Form 867

1. A separate Form 867 shall be prepared for each insurance unit on which a loss is claimed.

Where the insured fails to establish and maintain separate records of production for each insurance unit and all the acreage from which production is commingled is insured, the case shall be handled in accordance with subsection C, 1, of this section. Where the insured fails to establish and maintain separate records of production for "unclassified" acreage and for one or more insurance units or parts thereof, the production from the "unclassified" acreage may be considered to have been produced on the insurance unit and the loss adjusted in the usual manner.

In the latter case set forth in the above paragraph, if the adjuster feels that the insurance with respect to the insurance unit should be canceled, he shall attach a statement in triplicate setting forth the facts which he feels justify this action and his recommendation. In such case if the contract is canceled the insured may still be required to pay the premium.

2. The insured and the adjuster certify only to the basic data appearing on Form 867, which include the measured acreages, the insured interest, the total harvested production, of each insured crop, the production to be counted, in the case of released acreage, and the causes of damage. Therefore, the adjuster shall complete Form 867 only to the extent provided hereinafter.

3. Where it appears that there will be no loss on the insurance unit or where the insured requests advice as to the approximate amount of indemnity he may expect to receive, the adjuster, after performing the necessary computations, should advise the insured accordingly. If there is no loss, the adjuster should explain to the insured why there is no loss. In all cases the insured shall be advised that the required computations will be verified and audited by the Corporation and that his copy of Form 867 will be mailed to him after the audit is completed.

C. Preparation of Form 867

1. The instructions set forth in this subsection apply in nearly all cases. Any unusual cases including any transfer of interest, commingled production or special and meritorious cases, should be submitted to the State Director for further handling.

Entries shall be made, where applicable, in all of the spaces in Parts I, II, IV, and V.

2. Form 867 is a mediform set consisting of an original and three copies, and shall be prepared as follows:

a. Heading:

(1) Enter the crop year.

(2) Enter the correct name of the insured and his address. The name shall agree with that shown on the contract unless such name is incorrect. However, if the original insured died, etc., after the insured crops were planted, the name of his legal representative shall be entered. Where the name entered is that of a legal entity (such as a partnership or Corporation) and the contract was not executed in such capacity, a statement of facts, in triplicate, shall be attached.

If the insured has disappeared or refuses to sign the Form 867 and a collateral assignment is outstanding, the name and address of the assignee may be entered in the spaces provided in the heading for the name and address of the insured. The name of the assignee shall be followed by the word "assignee". In such cases a statement of facts, in triplicate, shall be attached.

(3) Enter the state and county code and contract number.

(4) Enter the contract number(s) of other Federal crop insurance contracts on the same land covering the multiple crops.

(5) Enter the insurance unit number, which must agree with that shown on the acreage report.

3. Boxes

Box A: Enter the total premium based on the reported acreage for the insurance unit as shown on the last approved acreage report.

Box B: Enter the premium based on the measured acreage on the insurance unit (excluding any acreage on which an insured crop is destroyed or

substantially destroyed at a time that it could be replanted to the same crop and such acreage is not replanted to that crop). This acreage shall be accurately determined by the adjuster unless acceptable records of measurements are on file in the county office. All possible use shall be made of permanent field acreages established under other agricultural programs and on file in the county office. Measuring equipment shall be checked for accuracy and corrected, where necessary, prior to its use. The bottom part of Form 819-M may be used to summarize the data in column C and D of Form 867 and compute the premium for Box B of Form 867, where it is necessary, to compute an adjustment factor for item 13 of Form 867-M.

Where applicable, the adjuster shall advise the insured of the following:

- a. If the premium on the measured acreage is less than the premium on the reported acreage the loss, if any, will be settled on the basis of the measured acreage and the premium adjusted accordingly;
- b. If the premium on the measured acreage exceeds the premium on the reported acreage, the loss which would otherwise be determined will be reduced proportionately.

4. Part I. Coverage and Value of Production for Measured Acreage

a. Part I of the Form 867-M differs from Part I of all other Statements in Proof of Loss in that the acreage classification showing the stage of production for each acreage is not printed on the Form 867-M. With five crops to be given consideration as to possible losses, it was impossible to list the classifications for each crop. Since these are not shown on the form the adjuster must be familiar with the 12 itemized acreage classifications as shown in the Schedule on page 4 of the Regulations. The following important factors shall be kept in mind in preparing part I.

- (1) Two lines in column A, Insured Crop, should be used for a mixture of wheat and flax followed by a bracket. In such cases only one line should be used in columns B, C, D, E and F but the crops in this mixture must be handled individually in columns G, H and I.
- (2) All acreage figures shall be shown to the nearest tenth of an acre.
- (3) Total production figures for each crop except beans shall be shown to the nearest bushel. Production figures for beans shall be shown to the nearest pound.
- (4) Where there is appraised production to be counted for acreage previously entered in column C, such acreage figure shall be entered to the left of column C.
- (5) Any wheat or oats acreage or mixture thereof which the insured designated on his acreage report as seeded for purposes other than for harvest as grain and from which any grain is threshed shall not be included in column C but such acreage shall be entered to the left of column C. The production from any such

acreage shall be included and entered as production to be counted in column G.

(6) The causes of loss not insured against include (but are not limited to) the following:

- (a) Failure to follow recognized good farming practices, which include (but are not limited to) use of defective or unadapted seed, failure to plant sufficient quantity of seed, failure to properly prepare the land for seeding or properly to seed, care for or harvest and thresh, the insured crop (including unreasonable delay thereof);
- (b) Over-pasturage;
- (c) Following different fertilizer or farming practices than those considered in establishing the coverage;
- (d) Planting an insured crop on land which is generally not considered capable of producing a crop comparable to that produced on the land considered in establishing the coverage;
- (e) Planting a variety of seed which differs materially in yield from the variety considered in establishing the coverage;
- (f) Planting excessive acreage under abnormal conditions;
- (g) Planting an uninsured crop with an insured crop or in the growing insured crop;
- (h) Planting an insured crop under conditions of immediate hazard;
- (i) Inability to obtain labor, seed, fertilizer, machinery, repairs, or insect poison;
- (j) Breakdown of machinery, or failure of equipment due to mechanical defects;
- (k) Neglect or malfesance of the insured or any person in his household or employment or connected with the farm as tenant or wage hand;
- (l) Domestic animals or poultry; or
- (m) Theft.

b. The explanation for completing the various numbered items and columns of Part I cannot be detailed as in other Crop Loss Adjustment Manuals for reasons explained in paragraph (a) above. The material here will discuss the column headings and what to enter in the column spaces but not by numbered items as in other manuals. For each insurance unit complete each item (line) as follows:

Column A. Enter the name of the insured crop.

Column B. Enter the stage of production followed by a dash (-) and the number of the acreage classification as shown in the Schedule on page 4 of the Regulations.

Column C. Enter the measured acreage. In case the same acreage for a crop is being listed twice (for example to make an appraisal for an uninsured cause of loss under item 12 of the Schedule) enter a dash in column C and enter the acreage to the left thereof. Insert also the uninsured cause of damage.

Column D. Enter the share of the insured in the crop as of the time of seeding or planting. This entry shall be shown as a percentage, rounded to the nearest tenth of a percent. Where the insured interest entered in any line in column D is less than the reported interest shown on the acreage report, a statement of facts explaining the discrepancy shall be prepared in triplicate, dated, and signed by the adjuster and attached.

Column E. Enter the coverage per acre for the crop and stage of production and acreage classification entered in the corresponding line in columns A and B. The coverage per acre will be shown on the actuarial table for the county on file in the county office.

- (1) Where flax and wheat are grown together in a mixture the flax coverage shall apply, unless the adjuster determines that more than the customary amount of wheat is used in the mixture in which case the wheat coverage applies.
- (2) Where oats and wheat are seeded together in a mixture the oats coverage applies.
- (3) Where oats are seeded in the growing wheat crop the wheat coverage applies.

Column F. Compute and enter (after rounding to the nearest cent) the total coverage for the crop and the stage of production or acreage classification entered in the corresponding line in columns A and B. The computation is the product of the entries for that item in columns C, D, and E.

Column G. Enter the total production to be counted. In the case of appraisals in the first stage of production the production to be counted shall be determined as follows:

- (1) Multiply each applicable acreage as shown in column C of Form 863 by the appraised production per acre as shown in column D of Form 863 and total the results,
- (2) Determine the commodity equivalent of the coverage in the first stage by dividing the coverage by the applicable fixed price and multiply the result by the number of acres involved.
- (3) If the entry in Item (1) above exceeds the entry in Item (2) above enter the excess in column G of Form 867. If the entry in (2) above equals or exceeds the entry in (1) above enter "0" in Column G of Form 867.

In case of appraisals in the second stage of production the production to be counted shall be determined as follows:

- (1) Multiply each applicable acreage as shown in column C of Form 863 by the appraised production per acre as shown in column D of Form 863 and total the results.
- (2) Subtract the coverage in the second stage of production from the coverage in the third stage of production, divide this difference by the applicable fixed price and multiply this result by the number of acres involved.
- (3) If the entry in Item (1) above exceeds the entry in Item (2) above enter the excess in column G of Form 867. If the entry in (2) above equals or exceeds the entry in (1) above enter "0" in column G of Form 867.

In the case of harvested acreage (third stage) the production to be counted is the total harvested production.

Column H. Enter the applicable price per unit for valuing the production. The prices are: wheat \$1.90 per bushel; flax, \$5.75 per bushel; oats, .60 per bushel; corn, \$1.30 per bushel and beans 7.6 cents per pound of picked beans.

Column I. Compute and enter (after rounding to the nearest cent), the value of the insured's share of the production. The computation is the product of the entries for that item in columns G, H, and D.

Item 11. Totals. Enter in item 11 the totals for the respective columns C, F, and I.

5. Part II. Computation of Loss

Item 12. Subtract the entry in item 11 of column I from the entry in item 11 of column F, and enter the result in column J. If the entry in item 11, Column I exceeds the entry in item 11, column F enter a "0".

Item 13. If the entry in Box B exceeds the entry in Box A, divide the entry in Box A by the entry in Box B, and enter the result, (carried to three decimal places) in the space for "factor". In case there is no adjustment factor the amount in item 12 should be entered in item 13, column J. In case there is an adjustment factor the amount in item 12 should be multiplied by the adjustment factor and the result entered in item 13.

6. Part III. For Branch Office Use Only

The adjuster shall not make any entries in this part.

7. Part IV. Causes of Damage Insured Against

No uninsured cause of damage shall be entered in part IV.

Items 17 through 22. Enter the primary (major) and secondary insured causes of damage to each insured crop, together with the approximate date each cause of damage occurred and the estimated percent contribution of each such cause to the total loss on the insurance unit due to causes insured against. Use item 22 for any insured mixture. The entries in the columns headed "Percent Contribution" shall total 100 percent.

The various insured causes of damage, which shall be used as a guide for uniformity, are listed below:

	Beans	Corn	Wheat, Flax, Oats Insured Mixtures
Lightning	X		X
Drought	X	X	X
Hail	X	X	X
Fire	X	X	X
Wild Life (animal or birds)	X	X	X
Flood (overflow or backwater)	X	X	X
Excessive moisture (rain or seepage)	X		X
Frost Freeze or Snow	X	X	X
Winterkill			X
Hurricane	X		X
Hot Winds (including excessive heat)	X	X	X
Tornado	X		X
Windstorm	X	X	X
Plant Diseases) which could not be prevented	X		X
Insects . . .) by the insured	X		X
Noxious weeds not due to poor farming practices			X
Weeds and grasses		X	
Standing Surface Water (seepage & delayed run-off)		X	
Excessive Moisture (excluding standing surface water)		X	
Blowout		X	
Cold Weather		X	
Crusted soil (including packed soil due to heavy rains)		X	
Smut		X	
Plant Disease (excluding smut)		X	
Corn Borer		X	
Corn Root Worm		X	
Chinch Bug		X	
Cut Worm		X	
Insects (excluding corn borer, corn root worm chinch bug and cut worm.)		X	

If any part of the loss is due to an act of a person(s), the adjuster shall prepare a statement of facts, in triplicate, setting forth the name of the person(s), if possible, and the amount of loss caused by such person(s). This statement shall be dated and signed by the adjuster and attached to Form 867.

8. Part V. Certification

Item 23. By signing Form 867 the insured agrees to the substitution of the Corporation as his attorney to exercise right of recovery against any person(s) for damage to the bean crop to the extent that payment for

loss resulting from such damage is made to the insured by the Corporation. If applicable, the insured shall be advised of this fact and also that he is not to make any settlement with, or execute a release to, such person(s).

Enter in the space provided either "yes" or "no" to the question whether a collateral assignment is outstanding. If a Form FCI-20, "Collateral Assignment," approved by the Corporation, is on file in the county office, "no" shall not be entered until the adjuster determines that the assignee has released the assignment in writing. Where "yes" is entered, and the insured wants the assignee to be paid separately to the extent of the cash amount of the assignment, a statement to this effect, signed by the insured, must accompany the Form 867. If the statement provides for the issuance of a separate check to the insured and a separate check to the assignee for an amount less than that shown on the assignment, it must also be signed by the assignee. If no such statement is attached, a joint check will be issued. In any case where the adjuster feels that difficulties would arise out of the issuance of a joint check he should make a reasonable effort to effect an agreement between the assignor and the assignee as provided above for the issuance of separate checks.

Wherever possible, the adjuster shall review Form 867 and determine that all necessary entries have been made thereon before it is signed by the insured. After the form is signed by the insured, no person, unless so directed by the insured, has authority to change or enter thereon any basic data.

The insured shall sign and enter the date in the spaces provided in item 23. Before signing, he should be cautioned that his signature must agree with the name in the heading of Form 867, and where applicable, with his signature on the contract. The signature must actually be affixed by the insured (or other eligible claimant) whose name appears in the heading of Form 867, or by his authorized representative.

Item 24: The adjuster shall not approve the Form 867 until all basic data have been entered thereon and until it has been signed by the insured.

If the signature is affixed in a representative capacity, the adjuster must determine that a power of attorney or other acceptable evidence is on file in the courthouse or the county office authorizing the person to sign in the capacity in which he signs. If, after the insured has signed the form, the adjuster can certify to the statements in item 24, he shall sign and date the form in the spaces provided.

Item 25: This item is for the use of the Director.

9. Boxes Designated "For Branch Office Use Only"

The adjuster shall make no entries in these boxes, which will be used by the Corporation in notifying state and county offices of changes in the premium for the contract in each case where the premium for the measured acreage shown on Form 867 is less than the premium for the reported acreage for the insurance unit, thus eliminating the preparation of "revised" acreage reports by the Corporation.

D. Cases Where the Insured and Adjuster Cannot Agree

If the insured and the adjuster cannot agree on the settlement of a loss claim, two Forms 867 shall be prepared, one showing the data submitted by the insured and signed only by him, and the other showing the data determined by the adjuster and signed only by him. The adjuster shall submit both forms to the Director in accordance with General Procedure 4. Every effort should be made to handle these cases as promptly and speedily as possible.

E. Transmitting Forms 867 to the Director

The adjuster shall forward daily to the Director all copies of all completed Forms 867. All copies of any statement(s) of facts prepared as provided in this procedure shall be attached to the related Form 867 when it is forwarded to the Director.

SECTION V. CORRECTED OR DELAYED FORMS 867

A. Corrected Forms 867

In cases where a Form 867 has been transmitted to the Director, and it is necessary to make a material change in the data appearing on such form, a corrected Form 867 shall be prepared and submitted to the Director. However, any corrected claim amounting to less than \$5.00 additional indemnity shall not be submitted as such claim will not be approved. The adjuster shall attach a memorandum in triplicate to the corrected Form 867 fully explaining the reason(s) for such correction(s). The corrected Form 867 shall be plainly marked "corrected" in the heading thereof.

It will not be necessary to prepare a corrected Form 867 if the amount of the indemnity originally determined is correct and settlement has been made on a lesser amount and the insured is requesting the additional amount.

B. Delayed Notice of Loss

The Regulations contain a provision requiring the insured to submit a notice of loss to the county office immediately after the completion of harvesting the last insured crop if a loss has been sustained. There is further provision in the Regulations that if notice is not given within 15 days after harvesting or threshing is completed or on December 31, 1948, whichever date is the earlier, the Corporation reserves the right to reject any claim for indemnity. This provision is essential in order that inspection may be made while the facts can best be determined.

In making each inspection after the time of loss, the adjuster shall determine the time of loss on the insurance unit as set forth in section IV, A, 1, b hereof and compare this date with the date the insured gave notice of the loss at the county office, as shown on Form 8.

1. If this notice was given within 15 days after the time of loss the case shall be handled in the usual manner.
2. If the notice of loss was given more than 15 days after the time of loss but in sufficient time that a Statement in Proof of Loss could

be filed within the 60-day period after the time of loss, the insured shall be informed of the requirement of the Regulations set forth above for giving notice within 15 days after the time of loss. The adjuster shall request the insured to submit along with the Statement in Proof of Loss, if one is submitted a statement showing the reasons for the delay in filing a notice of loss at the county office. In these cases, the adjuster shall submit a statement, in triplicate, showing (a) the portion of the acreage on which stalks or stubble were still standing at the time of inspection, (b) whether the adjuster was able to accurately determine the actual acreage, (c) the method used in determining the actual production and per acre appraisals, (d) the method used in determining the value of all production, (e) whether the adjuster is entirely satisfied that all production was accounted for, (f) whether the adjuster feels certain that he is able to ascertain the extent of any uninsurable cause of loss and the method of making per acre appraisals for such causes, (g) in what respect the evidence with regard to acreage and production is or is not as satisfactory as it would have been if the notice had been submitted within 15 days, and (h) any other facts which the adjuster considers pertinent to the case.

3. Where it is evident when the adjuster receives Form 8 that it will not be possible for the insured to submit the Statement in Proof of Loss within the 60-day period after the time of loss, he should act under existing instructions from the State Director in such cases or request instructions from the State Director. Where it is not evident at the time the adjuster receives the Form 8 that it is too late for the insured to file a Statement in Proof of Loss within the 60-day period after the time of loss, but he finds upon inspection that the notice was given too late to permit the inspection to be made and the Statement in Proof of Loss to be filed within this period, the adjuster shall make the inspection, prepare the inspection report and obtain from the insured a written statement as to the reasons for the delay in filing the notice of loss, and submit the case to the State Director for consideration without preparing a Statement in Proof of Loss. However, if the insured insists upon filing a Statement in Proof of Loss in cases of this kind, he should be permitted to do so but he should be informed of the 15-day provision for reporting loss to the county office and the 60-day provision for filing Statement in Proof of Loss, and the adjuster should not sign these Statements in Proof of Loss indicating his approval.

C. Delayed Forms 867

The Regulations provide that the Statement in Proof of Loss shall be submitted not later than 60 days after the time of loss, unless the time for submitting the claim is extended in writing by the Corporation. This 60-day period will not be extended except in the most meritorious cases. Where a Form 867 is submitted more than 60 days after the time of loss as set forth in section IV hereof, the adjuster shall request the insured to submit along with the Statement in Proof of Loss a statement showing the reasons for the delay in order that a determination may be made as to whether the extension is to be granted.

A statement of facts prepared in triplicate and signed by the adjuster shall be attached thereto in order that a determination may be made as to whether the extension is to be granted. This statement is in addition to any statement that may be required under subsection B above and should include:

1. The reason(s) for delay in submitting such form.
2. The portion of the acreage on which evidence that the insured crop(s) were grown thereon remains at the time of the inspection.
3. Method used in determining the actual production, and per acre appraisals.
4. Whether the adjuster was able to accurately determine the actual acreage.
5. A comparison as to the per acre value of production reported by the insured and that produced for nearby farms.
6. Whether the adjuster is entirely satisfied that all production was accounted for.
7. Whether the adjuster feels certain that he was able to ascertain the extent of any uninsurable cause of loss.
8. Any other facts which the adjuster considers pertinent to the case.

SECTION VI. DISTRIBUTION OF FORMS

A. The following distribution shall be made of the forms used in this procedure:

1. Form 8-Rev.

The State Director's copy shall be forwarded to the Director.

The adjuster's copy shall be forwarded to the other Corporation representative designated by the Director.

The county office copy shall be retained in the county office and filed in a temporary file until the county office copy of Form 863 or a copy of the letter to the insured, advising him that no inspection will be made at that time, is received from the adjuster, after which it shall be filed in the insured's folder.

2. Form 863.

The state office copy shall be forwarded to the Director.

The insured's copy shall be given to the insured at the completion of the inspection.

The county office copy shall be filed in the insured's crop insurance folder on file in the county office.

3. Form 867

The adjuster shall forward all copies of Form 867, including the insured's copy, to the Director.

After a review thereof has been made by the Corporation, the insured's copy will be mailed to him, the state office copy will be filed in the related folder, and the county office copy will be forwarded to the county office for filing in the insured's crop insurance folder after any necessary corrections in the premium, as are indicated at the bottom of Form 867, are made on county office records of the insured's premium account.

4. Form FCI-15, "Transmittal Sheet"

Form FCI-15 will be prepared by the Director. The branch office copy shall be forwarded to the branch office together with Forms 867 and attachments. The county office copy shall be forwarded to the county office. The state office copy shall be retained and filed in the state office.

